

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 TRSE-00 /066 W

----- 083797

R 111136Z AUG 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1026

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION EC BRUSSELS

AMEMBASSY BERLIN

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ELAB, GW

SUBJECT: STATUS OF EMPLOYMENT EFFECT OF VARIOUS FRG
MEASURES TO REMEDY ECONOMIC RECESSION.

1. SUMMARY: A RECENTLY RELEASED FEDERAL EMPLOYMENT
SERVICE REPORT ON EMPLOYMENT, WHICH ONLY COVERS DE-
VELOPMENTS FROM JUNE 1974 TO SEPTEMBER 1975, SHOWS SMALL
EMPLOYMENT GAINS DURING THE SUMMER AND EARLY FALL MONTHS
OF 1975. HOWEVER, THE EMPLOYMENT LEVEL STILL RE-
MAINED SIGNIFICANTLY BELOW THE NUMBER OF PEOPLE
EMPLOYED BEFORE THE RECESSION. THE ONLY SIGNS OF
EMPLOYMENT IMPACT OF VARIOUS GOVERNMENT ECONOMIC
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MEASURES DURING THIS PERIOD WERE IN THE CONSTRUCTION

AND AUTOMOBILE INDUSTRIES, WITH LITTLE IMPACT IN THE OTHER IMPORTANT MANUFACTURING GROUPS SUCH AS MACHINE CONSTRUCTION. THIS EMPLOYMENT REPORT, WHICH IS FAR FROM CURRENT, WILL BE THE LAST AVAILABLE DETAILED EMPLOYMENT INFORMATION BY ECONOMIC SECTOR AVAILABLE BEFORE THE FEDERAL ELECTIONS IN OCTOBER. END SUMMARY.

2. WHAT HAVE BEEN THE EMPLOYMENT EFFECTS OF THE VARIOUS FRG MEASURES TO REMEDY THE RECENT ECONOMIC RECESSION? THE ANSWER TO THIS QUESTION REMAINS UNCLEAR BECAUSE CURRENT AND DETAILED EMPLOYMENT STATISTICS ARE STILL LACKING.

3. HOWEVER, THE SECOND REPORT IN A NEW EMPLOYMENT SERIES PROVIDES SOME INDICATIONS COVERING THE DEVELOPMENT FROM JUNE 1974 TO SEPTEMBER 1975. THIS REPORT SHOWS THAT EMPLOYMENT DROPPED SHARPLY (ABOUT 865,000) IN THE NINE MONTHS FROM SEPTEMBER 30, 1974 TO JUNE 30, 1975. THEN DURING THE SUMMER AND EARLY FALL OF 1975, THE SITUATION IMPROVED. ABOUT 96,000 MORE PEOPLE (0.5 PERCENT) FOUND JOBS DURING THE MONTHS OF JULY, AUGUST AND SEPTEMBER IN 1975. HOWEVER, TOTAL EMPLOYMENT WAS STILL ABOUT 768,000 OR 3.7 PERCENT BELOW THE LOW POINT REACHED A YEAR EARLIER WHEN THE EMPLOYMENT EFFECTS OF THE RECESSION WERE FELT THE MOST.

4. THIS REPORT ALSO PROVIDES SOME INDICATIONS OF THE EMPLOYMENT IMPACT OF THE VARIOUS GOVERNMENT ECONOMIC MEASURES IN INDIVIDUAL INDUSTRIAL DIVISIONS AND MAJOR MANUFACTURING GROUPS.

5. THE CONSTRUCTION INDUSTRY SHOWED THE MOST SIGNIFICANT PICK UP IN HIRING, WITH EMPLOYMENT INCREASING 40,000 OR ABOUT 2.5 PERCENT. THIS REPORT ALSO INDICATES THAT THE VARIOUS INVESTMENT TAX INCENTIVES AND OTHER BENEFITS PROVIDED IN THE 1975 TAX REFORM PACKAGE MAY HAVE CONTRIBUTED TO THE NEW BOOM IN THE AUTOMOBILE INDUSTRY WHERE EMPLOYMENT INCREASED OVER 14,000 OR 1.6 PERCENT DURING THE THIRD QUARTER OF LIMITED OFFICIAL USE

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1975. HOWEVER, THE AUTO INDUSTRY'S EMPLOYMENT LEVEL WAS STILL ABOUT 40,000 OR 4.1 PERCENT LOWER THAN A YEAR EARLIER.

6. ON THE OTHER HAND, THE INVESTMENT TAX INCENTIVES, WHICH EXPIRED ON JUNE 30, 1975, APPARENTLY DID NOT STIMULATE JOB CREATION IN THE OTHER IMPORTANT MANUFACTURING GROUPS SUCH AS MACHINE CONSTRUCTION, WHERE

EMPLOYMENT CONTINUED TO DECLINE SLIGHTLY (ABOUT 0.1 PERCENT) DURING THE THIRD QUARTER OF 1975.

7. COMMENT: THE ABOVE INFORMATION REPRESENTS THE LAST DETAILED EMPLOYMENT REPORT ON EACH INDUSTRY DIVISION AND MAJOR MANUFACTURING GROUP THAT WILL BE AVAILABLE UNTIL AFTER THE OCTOBER FEDERAL ELECTIONS. SO ANY LAST MINUTE IMPACT OF THE EMPLOYMENT-UNEMPLOYMENT ISSUE ON THE ELECTION CAN ONLY COME FROM THE REGULAR MONTHLY UNEMPLOYMENT STATISTICS WHICH MAY BE AFFECTED MORE BY

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LABOR FORCE CHANGES AND REDUCTIONS IN FOREIGN WORKER
EMPLOYMENT THAN BY EMPLOYMENT CHANGES.

8. THE FOLLOWING TABLE PROVIDES AN OVERVIEW OF CHANGES
IN EMPLOYMENT BY INDUSTRY DIVISION AND MAJOR MANU-
FACTURING GROUP AS OF SEPTEMBER 30, 1975.

INDUSTRIAL	TOTAL	COMPARED TO	
GROUP	9/30/75	6/30/75	9/30/74
	NUMBER	PERCENT	NUMBER PERCENT
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FORESTRY	208,314	# 4,266	#2.1	# 2,921	# 1.4
FISHING					
MINING,ENERGY	447,119	-23,929	-5.1	-12,216	-2.7
MANUFACTURING	8,672,743	-5,314	-0.1	-554,876	-6.0
CHEMICALS	634,035	-4,498	-0.7	-22,460	-3.4
PLASTICS	315,748	-3,065	-1.0	-29,264	-8.5
STONE,GLASS	396,538	-4,245	-1.1	-37,050	-8.5
EARTH					
IRON,STEEL	394,301	-10,395	-2.6	-22,569	-5.4

TABLE CONT'D

INDUSTRIAL	TOTAL	COMPARED TO	
GROUP	9/30/75	6/30/75	9/30/74
	NUMBER	PERCENT	NUMBER PERCENT

MACHINE	1,060,413	-1,457	-0.1	-58,937	-5.3
CONSTR.					
VEHICLE	941,447	#14,415	#1.6	-39,990	-4.1
CONSTRUCT.					
ELECTRICAL	1,054,266	-15,304	-1.4	-104,959	-9.1
ENGINEER.					
TOYS,JEWELR.	459,364	-2,509	-0.5	-42,227	-8.4
WOOD WORK.	421,656	# 3,812	#0.9	-21,875	-4.9
TEXTILES	379,210	-5,608	-1.5	-34,805	-8.4
CLOTHING	343,951	# 910	#0.3	-19,442	-5.4
FOOD	745,105	#18,133	#2.5	-16,558	-2.2
CONSTRUCTION	1,703,015	#39,674	#2.4	-126,952	-6.9
BUILD.TRADE	1,254,764	#22,637	#1.8	-103,862	-7.6
FINISHING	448,251	#17,037	#4.0	-23,090	-4.9
TRADE	2,771,967	#30,632	#1.1	-91,723	-3.2
TRAFFIC,COMMUN.	994,182	-9,324	-0.9	-44,495	-4.3

TABLE CONT'D

INDUSTRIAL	TOTAL	COMPARED TO	
GROUP	9/30/75	6/30/75	9/30/74
	NUMBER	PERCENT	NUMBER PERCENT

BANKING,INS. 721,911 # 1,647 #0.2 -16,510 -2.2
 SERVICES 3,001,331 #52,700 #1.8 #44,464 #1.5
 REST.# 369,615 # 8,833 #2.4 #21,217 #6.1
 HOTELS
 CLEANING# 301,273 # 9,201 #3.2 # 16 #0.0
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PERS.HYGIENE
 SCIENCE,ART 682,912 # 7,460 #1.1 # 7,933 #1.2
 PUBLIC.
 HEALTH,VET. 829,310 #14,790 #1.8 #24,688 #3.1
 CARE
 ORGANIZ.,PRIV. 320,783 # 4,121 #1.3 # 5,001 #1.6
 HOUSEHOLDS
 REG.PLNG.ORG.#1,323,320 -2,673 -0.2 #15,630 #1.2
 SOC. SECURITY
 REG.PLNG. 1,153,599 -1,983 -0.2 # 4,435 #0.4
 ORGANIZATIONS

TABLE CONT'D

INDUSTRIAL	TOTAL	COMPARED TO			
GROUP	9/30/75	6/30/75	9/30/74		
	NUMBER	PERCENT	NUMBER	PERCENT	

SOC.SECURITY 169,721 - 690 -0.4 #11,195 #7.1
 WITHOUT SPECIF. 26,707 X X X X

TOTAL 20,191,392 #96,263 #0.5 -768,324 -3.7
 HILLENBRAND

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Message Attributes

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Draft Date: 11 AUG 1976
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Disposition Approved on Date:
Disposition Authority: ShawDG
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Disposition Event:
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TAGS: ELAB, GE
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